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IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

NORTHEAST BANCORP, INC.,
UNION TRUST COMPANY and CITICORP,
Petitioners,

v.

THE BOARD OF GOVERNORS OF
THE FEDERAL RESERVE SYSTEM,
Respondent,

and

BANK OF NEW ENGLAND CORPORATION, CBT CORPORATION, HARTFORD NATIONAL CORPORATION, THE COMMONWEALTH OF MASSACHUSETTS, THE STATE OF CONNECTICUT and BANK OF BOSTON CORPORATION,
Intervenor-Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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BRIEF AMICUS CURIAE OF BOB GRAHAM, GOVERNOR OF FLORIDA AND GERALD A. LEWIS, COMPTROLLER OF FLORIDA IN SUPPORT OF RESPONDENT AND INTERVENOR-RESPONDENTS

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INTEREST OF AMICUS CURIAE

This brief is filed on behalf of the citizens of Florida by Bob Graham, Governor, and Gerald A. Lewis, Comptroller. On May 22, 1984, Governor Graham signed into law Florida Statute 658.295, the Regional Reciprocal Banking Act of 1984 ("Florida Regional Act"). This Act becomes effective July 1, 1985, and authorizes out-

of-state bank holding companies within a defined region to acquire banks and bank holding companies in Florida if the laws of the other state extend the same right to Florida bank holding companies. One transaction pursuant to the Act has been approved by federal and Florida regulatory authorities and is being challenged in the Second Circuit Court of Appeal.[1]

The decision in this case will likely be dispositive of the constitutional issues raised in the challenge to the Florida statute. The State of Florida has a vital interest in its banking system. The Florida Regional Act is of major importance to the structure and development of banking in the state and of direct interest to its citizens.

CONSENT OF THE PARTIES

All of the parties to this action have consented to the filing of this brief. The written consents are filed or will be filed as soon as they are received.

SUMMARY OF ARGUMENT

Florida's Regional Reciprocal Banking Act of 1984 is *not* a matter of "simple economic protectionism."[2] It is a progressive statute that lowers the federally imposed barriers to interstate banking.

For over 200 years this country sought to create a decentralized banking system. The reasons for doing so remain valid today. The regional concept is a sound and logical approach by states to accommodate the banking structure created by our past history to changing con-

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[1] Sun Banks, Inc. and Trust Company of Georgia, Florida and Georgia bank holding companies, respectively, have agreed to a regional interstate merger. Federal Reserve Board approval of that merger has been appealed, *Citicorp v. Board of Governors*, No. 85-4009 (2d Cir. filed Jan. 15, 1985). Proceedings have been abated pending decision in this case.

[2] Brief for the Petitioner Citicorp at 32.

ditions. It is consistent with, and authorized by, current federal bank legislation and does not impermissibly interfere with interstate commerce.

Regional reciprocal interstate banking statutes will promote the growth and diversity of competitive major financial institutions while at the same time preserve the advantages of our decentralized banking system. Congress intended states to have the right to regulate the structure of their own banking systems. If they may not do so, the banking system, and the nation, will be exposed to the risks associated with concentration of resources in a few large institutions. These risks will be increased without any significant advantages to the public.

ARGUMENT

I. THE BACKGROUND FOR THE ENACTMENT OF THE FLORIDA REGIONAL RECIPROCAL BANKING ACT.

A. Decentralization of U.S. Banking System.

Decentralization has been a fundamental principle of banking policy in the United States. Going back to its founding, this country has had a healthy skepticism of the aggregation of economic power in the hands of a few. As put by Richard F. Syron, Senior Vice President and Economic Advisor to the President of the Federal Reserve Bank of Boston:

> "[T]he United States has a history of two centuries of populist concern about large financial institutions. Over the years, people have worried about how interstate banking might affect the concentration of political and economic power, the distribution of credit, the capital adequacy, safety, and soundness of our financial structure and the role of the dual banking system." [3]

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[3] Syron, *The New England Experiment In Interstate Banking*, New England Economic Review, pp. 5, 7 (March/April 1984).

This concern over concentration of economic resources caused both the state and the federal governments to adopt statutes and regulations designed to restrict bank expansion.

States fostered decentralization by limitations on bank branching. Some states allowed no branching, and others limited branching to city or county boundaries. The result was to promote a larger number of local banks by restraining statewide growth of a few dominant institutions.

Decentralization was also a federal policy. Both the McFadden Act, 12 U.S.C. § 27, and the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("BHCA"), were enacted to promote decentralization. The McFadden Act made national banks subject to the same restrictions on branching as were state-chartered banks. Interstate branching was not authorized.

The use of bank holding companies grew in order to evade restrictions of the McFadden Act and other laws intended to prevent concentration.[4] When Congress enacted the Bank Holding Company Act of 1956, one of its principal objects was to halt the evasion of the purposes of the McFadden Act and promote local control of banking institutions. This was made clear in the House Report accompanying H.R. 6227:

> "Evidence developed during the hearings has convinced your committee that bank holding companies are not in accord with the various precepts upon which our banking system rests. The United States early in its history, it should be recalled, adopted a

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[4] "Bank holding companies were for a time a means for circumventing the restraints imposed by state laws and the McFadden Act. If a bank could not have a branch somewhere within its own state—or outside of the state for that matter—it could use a holding company as a vehicle to acquire an existing organization or to establish a new bank." Syron, *The New England Experiment In Interstate Banking*, New England Economic Review, pp. 5, 7, (March/April 1984).

> democratic idea of banking. Other countries, for the most part, have preferred to rely on a few large banks controlled by a banking elite. It has developed in this country, on the other hand, a conception of the independent unit bank as an institution having its ownership and origin in the local community and deriving its business chiefly from the community's industrial and commercial activities and from the farming population within its vicinity or trade area. Its activities are usually fully integrated with the local economic and social organization. The bank holding company device threatens to destroy this democratic grassroots institution.
>
> Your committee believes that the destruction of the American unit banking system, resulting in the further concentration of credit facilities, would have revolutionary effects upon our free-enterprise system. Ultimately, monopolistic control of credit could entirely remold our fundamental political and social institutions." [5]

The BHCA put into place restrictions on the growth of bank holding companies in two ways. First, it made them subject to the state laws and rules as to expansion. A state has the right to decide whether or not it will even have holding companies and if so, the extent to which they may expand geographically within the state. States thus control their intrastate banking structure.

Second, the BHCA prohibits acquisitions by bank holding companies across state lines. This prohibition, contained in 12 U.S.C. § 1843(d), is known as the Douglas Amendment. The federal policy is a blanket prohibition. A state may, however, at *its* option, permit interstate acquisition within its borders. States are thus expressly permitted the right to determine for themselves whether they will permit interstate expansion into their jurisdiction.

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[5] H.R. Rep. No. 609, 84th Cong., 1st Sess. 1-2 (1955).

The policy of decentralization succeeded. As a result of federal and state regulation, there are over 14,000 commercial banks in the U.S. This contrasts with 11 in Canada, 35 in the United Kingdom, 86 in Japan, and 206 in France.[6] In terms of deposits, the American banking system is far less concentrated than that of other countries. In the U.S., the share of deposits of the five largest banks is less than 20% of the national total. In Canada, the top five hold over 77% of the deposits, in France over 76%, in West Germany over 61%, and in the United Kingdom over 56%.[7]

The so-called "balkanization" [8] of the banking system is, in fact, a product of a conscious national policy going back 200 years. It is not produced or exacerbated by regional reciprocal laws of the sort enacted by Florida and other states, but rather it is alleviated by them.

B. The Development of Florida Banking.

Florida's banking system is a product of the policies described above and its own economic history. Florida's economy was devastated by the Civil War.[9] In 1870, capital invested in manufacturing was estimated at $1,700 and the number of persons employed at 2,750.[10] Its banking system was nonexistent. Until 1880, Florida had only one national bank and three state-chartered banks.[11] This compares with 88 banks in New York City alone.

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[6] Syron, *supra* at 6.

[7] Syron, *id.*

[8] Brief for the Petitioner Citicorp at 6.

[9] Journalist Whitlaw Reid observed that "The country contained little more than is needed for the sustenance of the inhabitants. Trade may come by and by, when Florida begins to be used again as a national sanitarium . . . ." Dovell, *History of Banking in Florida, 1828-1954* (1955) 59-60.

[10] Dovell, *id.* at 61.

[11] Dovell, *id.* at 74-75.

Despite its slow beginnings, Florida's banking system has matured rapidly. At the end of 1983, total deposits in commercial banks exceeded $55 billion. While this represents tremendous growth, Florida institutions are miniscule compared with the size of some so-called "money center" institutions. The deposits of *each* of the three largest U.S. commercial banks exceed the deposits of *all* commercial banks in Florida.[12]

In 15 years, it is predicted that Florida will be the third largest state in population, behind only Texas and California. While other states have been centers of commerce for many years, Florida has only recently begun to evolve into economic maturity. Its banking system starts from a point tremendously behind those of other states in terms of size and scope. In 1983 the largest bank holding company in Florida had assets of 7.3 billion dollars. By comparison New York had six bank holding companies each of whose assets were over *five times* that figure.[13]

II. THE RATIONALE BEHIND THE FLORIDA REGIONAL RECIPROCAL BANKING ACT.

A. The Reasons For Change.

Market forces, not legislators or regulators, are the driving force behind changes in banking. Technological development has made it possible to instantaneously transact banking business over great distances and at many locations simultaneously.[14] Demographic changes

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[12] The largest commercial bank in the United States, The Bank of America, in June 1983, had total deposits of $94,823,190,000; followed by Citibank, N.A., with deposits of $75,539,000,000 and Chase Manhattan Bank, N.A., with deposits of $57,722,612,000. *Bankers Desk Reference 1984* (E. Cox ed. 1984) 215.

[13] Joint Appendix F at A25.

[14] For example, automatic teller machines can permit remote cash dispensing and deposit taking. Funds may be transferred across the country by electronic impulse through wire transfers. Home computers may be used to directly access bank deposits.

give impetus to institutions in slower growing or stagnant markets to seek ways to engage in business in more rapidly growing areas. For the legal and historical reasons discussed, these market forces are operating on state banking systems that are tremendously disparate in size, structure and maturity.

In December 1983, Governor Bob Graham appointed a blue ribbon committee to study the issue of interstate banking. In his statement appointing the committee he said:

> "The proliferation of non-traditional banking institutions, the advent of electronic banking and other aspects of deregulation of the financial services industry all point in one direction: national interstate banking will soon be a reality. The questions for Florida are what kind of financial marketplace do we want to have after this occurs and what changes in our state's banking laws will be most beneficial in bringing about the environment we seek.
>
> * * * *
>
> The states in this region should seriously consider adopting reciprocal banking legislation which would allow the expansion and ultimate survival of major southern banking institutions in the evolving financial services industry." [15]

The Committee recommended such an approach [16] and a regional interstate bill was introduced with the support of the Governor and Comptroller Gerald A. Lewis. After extensive debate and consideration of alternatives, the Florida Regional Banking Act of 1984 became law.

B. The Reasons For The Regional Reciprocal Approach.

Both Congress and the courts have recognized that each state has a strong interest in shaping its own financial

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[15] Press Release of Governor Bob Graham (December 1, 1983).

[16] *Report of the Committee Appointed by the Governor of Florida to Examine the Implications for Florida of Regional Interstate Banking*, Joel R. Wells, Jr., Chairman, February 10, 1984.

structure.[17] Florida's choice to use the regional reciprocal approach was a logical and reasonable one consistent with the purpose and intent of the Bank Holding Company Act to permit states to make the important choices about their banking structure.

First, significant financial institutions with roots in the state are desirable. Banking is essentially a local business. The relevant market in which most savers, borrowers and banks meet may be approximated by a metropolitan area or a rural county.[18] The closer those ultimately responsible for the bank's operation are to the community that the bank serves, the more responsive it will be.[19]

A developing state such as Florida needs to have significant financial institutions that are indigenous to the state.

> "[T]he *regional interstate banking approach can be expected to be responsive to regional economic needs*

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[17] See Bell & Wilmarth, *The Interstate Banking Controversy: Prseident Carter's McFadden Act Report*, 99 Banking L. J. 722, 731 (1982) (hereinafter cited as Bell & Wilmarth).

[18] For discussion of this concept, *see United States v. Philadelphia National Bank*, 374 U.S. 321 (1963).

[19] In the debate on the Bank Holding Company Act of 1956, this was a crucial point:

> "It is hard to believe that a branch of a gigantic corporation, with its headquarters many miles away will have the sympathetic understanding of the needs of a community as does the local bank which is so definitely a part of the community life." 101 Cong. Rec. A 2454 (1955) (remarks of Rep. Wier).
>
> "[W]hat this bill is designed to attack, and to rectify, is the situation under which decent American citizens far removed from your town and my town, completely unfamiliar with the economies of our communities and not a bit interested except for the dividends that can be siphoned out of them can control our banks and the source of credit in our communities; they have the power—if they have the resources—to make decisions affecting the life blood of our local economies." *Id.* at 8030 (remarks of Rep. Rains).

and development. This expectation is based upon the fact that asset and liability sources of regional banks are more interdependent, vis-a-vis the asset [and] liability sources of money center banks . . . .

[A]sset allocation criteria would necessarily be more responsible to the region in which these banks operate." [20] (Emphasis supplied.)

Second, the Florida banking system is maturing. It has reached a point where growth is limited by the size of the Florida market. The larger bank holding companies may not make further significant acquisitions without encountering antitrust obstacles. The effect is to limit the growth of institutions in the state. The regional reciprocal concept permits the development of significant financial institutions where the economies of individual states alone will not support such large institutions. Regional reciprocal laws are a way for a state that does not have the economic resources within its own borders to have the possibility of having major financial institutions centered within it.

The opponents of regional reciprocal banking attempt to perpetrate the fallacy that it is intended to be restrictive. The opposite is true. It is intended to open and expand markets. It increases competition and decreases the existing barriers to bank expansion. For this reason it is opposed by giant banking organizations such as Petitioner Citicorp and amicus Chase Manhattan Corporation. In a recent submission to the Federal Reserve Board, Citicorp made it clear it opposed regional interstate mergers on competitive grounds.[21]

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[20] Frieder, *An Orderly Transition To Interstate Banking*, The Bankers Magazine, V. 164, No. 2, March/April 1981, 47 at 52.

[21] Citicorp opposed the proposed regional interstate merger between Sun Bank, Inc. of Florida and Trust Company of Georgia. See fn. 1. Citicorp requested the Federal Reserve Board to stay its approval of the merger arguing it would be "irreparably harmed" because of "(1) the loss of desirable potential acquisition partners, and (2) the loss of customers and revenue to the combined entity due to the increased capital base, multistate banking presence, increased credit and service capabilities and name recognition advantages obtained by the combined entity as a result of the transaction." Letter from J. Quinn, on behalf of Citicorp, to William Wiles, Secretary, Board of Governors of the Federal Reserve System (January 28, 1985).

A third factor motivating the regional reciprocal law in Florida is the genuine community of economic interests of the region. The states of the Southeast share a common history and a common economic development. The Civil War decimated their economies. Revitalization and growth of the entire region was extremely slow. The political, economic and social histories of the states of the southeastern region are bound together, as are histories of other states in regions throughout the nation.

The process of integration of the diverse financial systems of various states should be done in an orderly fashion. Lifting the federally imposed barriers as to those states sharing a common history and similar economies is a logical and reasonable way for states to go about exercising the local control over their banking systems that Congress intended when it enacted the BHCA and more particularly the Douglas Amendment.

State banking systems are vastly different in size, structure, and maturity. It is not realistic to believe that these limited banking systems, which are the product of past federal policy, can be instantaneously incorporated and amalgamated into a system of interstate banking without doing serious violence to the objectives of the federal and state laws that created them.

The Florida Regional Banking Act of 1984 should be viewed in positive terms. It reduces existing geographic restrictions put into place by federal law by allowing integration of the state's financial system with those of similar structure in a manner that accommodates the historical disparity in size and banking structure among

states. It carries forward those important policies of the BHCA of local control over bank structure and concern over the concentration of financial resources.

III. THE FLORIDA REGIONAL RECIPROCAL BANKING ACT CARRIES OUT THE PURPOSES OF THE BANK HOLDING COMPANY ACT.

Petitioners and others opposing the regional reciprocal concept attempt to characterize themselves as being the victims of protectionist legislation and the public as being deprived of advantageous competition.[22] The fact is, however, that the position urged by Petitioners will serve their own self-interest by restricting the growth of competitive institutions.

Petitioners wish to force states into the position of making one of two choices. They may do nothing and maintain the total prohibition against interstate acquisition in the current federal law.[23] Alternatively, they may allow entry on a nationwide reciprocal basis.[24] Both alternatives deprive states of the right to fashion their own resources to banking needs and promote increased concentration of resources in a few banks, all contrary to the purpose and intent of the BHCA.

A. Effects Of Continuing the Interstate Restrictions of the Douglas Amendment.

The invalidity of regional arrangements would deprive the state of the ability to experiment with and to fashion a financial system tailored to meet its particular needs

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[22] Brief for the Petitioner Citicorp at 32.

[23] Florida's Regional Act becomes void in its entirety if any part relating to the condition of entry is declared void. *Fla. Stat.* § 658.295(7) (1984).

[24] It is not clear that even reciprocity would be a legitimate part of a statute under Petitioners' position. If any discrimination is an impermissible burden, then even a reciprocal requirement would not pass constitutional muster.

at this specific time. Florida, and the other states adopting regional statutes, have made careful decisions about what they believe to be in the best interests of the state and its citizens. They will be prevented from implementing these decisions. The purpose and the vitality of the dual system of banking will be frustrated by depriving the states of their ability to engage in evolutionary and innovative bank structural reform.

Significant regional institutions will have to develop through mergers and acquisitions.[25] Institutions restricted to one less developed state will not have the market base to grow substantially and antitrust considerations will restrict intrastate growth. If regional banking statutes are held invalid and the state does not lower all its barriers to interstate acquisitions, then it will be relegated to banking institutions that cannot realistically be expected to ever achieve more than a fraction the size of the existing money center institutions.

B. The Effects of Unrestricted Bank Acquisitions.

Should a state such as Florida desire to promote the growth of regional financial institutions by permitting out-of-state entry, it presumably could do so only on an unrestricted basis. The consequences of such unrestricted entry are contrary to the aims and policies that underlie the Bank Holding Company Act.

Since the principal method of interstate expansion will be by acquisition and not by de novo entry, the result will be a replacement of competitors rather than addi-

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[25] "Past evidence has shown that acquisition rather than de novo entry is the preferred method for [bank holding company] expansion. For example, between 1968 and 1977, multibank holding companies obtained over eighty percent of their new bank subsidiaries by acquisition, while less than twenty percent of such subsidiaries were organized as de novo banks." Bell & Wilmarth, *supra* note 10, at 722, 725-27, citing Halbrook & Savage, *Interstate Commercial Banking: The Antitrust Issues*, 98 Banking L. J. 747, 751 (1981).

tional competitors. The largest institutions will be the acquirers. Studies show that the removal or relaxation of interstate restrictions on a national level would substantially increase concentration of banking resources because the largest banks would be in the best position to make acquisitions.[26]

Because of the tremendous disparity in size between institutions in Florida and in the money centers, it is obvious who will be the acquirer and who will be the acquired. In any scenario of immediate national interstate bank acquisitions, the inevitable result will be acquisitions of existing bank holding companies in other states by the larger money center institutions.[27] It has been suggested that the consequence of unrestricted interstate entry would be "a *complete disappearance of major regional banks* within some of the high growth states." [28] (Emphasis supplied.)

Unrestricted interstate acquisitions will increase concentration of significant resources in the hands of a few institutions. The largest institutions will tend to get much larger by acquiring their significant but smaller competitors. The trend will be toward a centralized banking system. In those countries whose policies permit a

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[26] Solomon & Savage, *Competition and Concentration in Commercial Banking*, contained in the Appendix to *Geographic Restrictions on Commercial Banking in the United States: The Report of the President*, (1981) Ch. 2, p. 50. See Rhoades, *Concentration in Local and National Markets*, Economic Review, p. 28 (March 1985). (Publication by the Federal Reserve Bank of Atlanta, article by Stephen A. Rhoades, Chief of the Financial Structure Section of the Board of Governors of the Federal Reserve System.)

[27] The most effective way for a bank holding company to expand into Florida is to acquire a large Florida bank holding company. This gives it an instantaneous presence, staff, existing deposits and loans. It also deprives Florida and the Southeast of an existing indigenous institution.

[28] Heggestad & Wolken, *Mergers and Acquisitions in Commercial Banking: Economic and Financial Considerations*, (1980) (unpublished manuscript).

centralized banking system, the concentration of deposits in just a few institutions has inevitably occurred. Thus, the three largest banks in Canada, France, West Germany, and the United Kingdom hold between 42% and 47% of their respective nation's commercial banking deposits. By contrast, the ten largest banks in the United States hold only 18% of the United States domestic commercial bank deposits.[29]

As deposits become more concentrated, and the system becomes dominated by a very small number of very large banks, the risks to our economic system by the failure of any of those institutions becomes much greater.[30] The recent experience with Continental Illinois Bank is illustrative of that fact.

> "*The greatest problem with increases in concentration of control by the very largest banks would be an increase in the risk exposure of the banking system.* It is extremely difficult to predict when and which banks will encounter major financial stress. They are all highly leveraged and must take great risks in their normal business activities. . . .
>
> The larger the bank that is exposed, the greater the potential impact on public expectation on the soundness of the system. Since the system is basically run on public trust, *we must be careful to keep banks to a size where we can tolerate failures, even those of the very largest.*" [31] (Emphasis supplied.)

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[29] Bell & Wilmarth, *supra* note 10, at 722, 736.

[30] "[T]here is cause for concern that large banks have become more risky, and their demise may affect the stability of the banking system." Eisenbeis, *Interstate Banking's Impact upon Financial System Risk*, Economic Review, pp. 31, 34 (March 1985). (Publication by the Federal Reserve Bank of Atlanta, article by Robert A. Eisenbeis, Wachovia Professor of Banking at the University of North Carolina, Chapel Hill.)

[31] Dr. Arnold A. Heggestad, Director, Financial Institutions and Monetary Policy Center, University of Florida, Statement before U.S. House of Representatives Committee on Banking, Finance and Urban Affairs (May 10, 1984).

The policy of decentralization of banking that has been our national policy as embodied in the BHCA is well served by the regional reciprocal approach. Such laws will promote stability in the banking system by permitting the growth of major regional institutions that will spread risk and increase the system's tolerance of bank problems.

It has been suggested that regional banking arrangements deprive the public of needed competition and therefore better services and lower prices. Consolidation of the banking system by national interstate acquisition will inevitably result in fewer and larger institutions.[32] There will therefore be less, not more, competition. Beyond the strictly competitive aspects, larger banks simply do not have economies of scale that permit them to deliver services at a lesser price. Studies show the exhaustion of the economy of scale for larger institutions.[33]

> "For basic banking services, large potential entrants seem to have few cost advantages over existing banks. They would be unable to offer basic services at lower prices or to pay higher interest on deposits in markets that were already competitive." [34]

The assertion of public benefit from interstate acquisitions is inconsistent with experience.

The ultimate beneficiaries of the invalidity of regional reciprocal statutes will be those large institutions that challenge them. Without regional reciprocal banking arrangements, states are confronted with the choice of either maintaining the current federal restrictions or,

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[32] See note 27, *supra*.

[33] "Recent studies of banking firms suggest that the average cost curves of banks tend to be U-shaped and that most economies of scale are exhausted when banks reach a deposit size and range of $25 million to $50 million." Heggestad & Wolken, *supra* at 14-15.

[34] King, *Interstate Banking: Issues and Evidence*, 69 Economic Review 40 (1984).

alternatively, engaging in an interstate acquisition game in which, at least in Florida, the results are quite clear. Given the tremendous size and resource differences national reciprocity is a one-way street.

The Bank Holding Company Act clearly intended and does grant states the right to make their own choices with respect to the manner in which interstate banking is allowed, if at all. Given the historical and legal background, the regional reciprocal approach is eminently logical and reasonable, a fact which the Petitioners and amici curiae themselves recognize.[35]

CONCLUSION

The Florida Regional Act is a proper exercise of the states authority over its banking system. It is a positive step that relaxes the prohibition on interstate banking imposed by the federal Bank Holding Company Act. Florida, and the other states enacting regional reciprocal banking statutes, are playing precisely the role that Congress intended. Florida's statute is a reasoned and reasonable response to change in our economy. The efforts to invalidate the regional concept are by those who fear the growth of competition. Florida's regional reciprocal statute is not economic protectionism but rather a loosening of federal restrictions that is fully consistent with

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[35] Citicorp Vice Chairman Hans Angermuller in a speech before the Florida Economic Club, Tallahassee Florida, March 29, 1984, stated with respect to a regional bill which would trigger to national interstate reciprocity at a fixed time ". . . we're ready to accept a consolidation period . . . as a *reasonable approach for the Florida market.*" (Emphasis supplied.) Robert R. Douglas, Executive V.P. of amicus Chase Manhattan Corporation said in a letter to Gov. Graham dated January 17, 1984: "The so-called regional compact approach can be a *legitimate transitional step . . .*" (emphasis supplied) to national reciprocity.

the intent of Congress and the provisions of the Bank Holding Company Act.

For the reasons set forth above, the judgment of the Court of Appeals is correct and should be affirmed.

Respectfully submitted,

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